

LEGISLATURE OF THE STATE OF IDAHO  
Sixty-second Legislature Second Regular Session - 2014

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 376

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO PROPERTY TAX ADMINISTRATION; AMENDING SECTION 63-110, IDAHO CODE, TO REVISE THE DATE BY WHICH THE STATE TAX COMMISSION SHALL COMPLETE ITS WORK AS THE STATE BOARD OF EQUALIZATION RELATING TO ASSESSMENT OF OPERATING PROPERTY; AMENDING SECTION 63-317, IDAHO CODE, TO REVISE ADMINISTRATION OF THE OCCUPANCY TAX; AMENDING SECTION 63-1706, IDAHO CODE, TO REQUIRE THE COUNTY ASSESSOR TO PROVIDE NOTICE TO TAXPAYERS THAT A YIELD TAX IS DUE; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 63-110, Idaho Code, be, and the same is hereby amended to read as follows:

63-110. PROPERTY AND SPECIAL TAXES. The state tax commission must complete the equalization of assessments throughout the state ~~on~~ during its meeting as the state board of equalization, after receipt of each county auditor's abstract of the property roll, no later than the fourth Monday of August in the year in which such assessments are made, and, if there is to be a state property tax, shall on that day determine the amount of state property tax which each county must collect and remit to the state, by apportioning the total state property tax among the several counties in the state in the exact proportion that the total equalized valuation of each county, as shown by the property roll for the current year, and the subsequent and missed property rolls for the preceding year, bears to the total equalized valuation of the state from such rolls of all the counties in the state. The state tax commission shall also determine the amount of special state taxes, if any, which each county must collect and remit to the state, and the total amount of such state property and special state taxes found to be due from each county shall be certified to the county auditor of such county by the chairman of the state tax commission, and the county auditor shall, upon receipt of such certificate, file the same in his office; provided, that the total amount of all special state taxes levied for the current year upon property entered upon the subsequent and missed property rolls of each county for such year shall be certified to the county auditor of such county by the chairman of the state tax commission upon receipt of the county auditor's abstract of the subsequent and missed property rolls.

SECTION 2. That Section 63-317, Idaho Code, be, and the same is hereby amended to read as follows:

63-317. OCCUPANCY TAX -- PROCEDURES. (1) All real property subject to property taxation shall be valued and taxed based upon its status as of January 1 of each tax year. Improvements, other than additions to existing im-

1 improvements, constructed upon real property shall not be subject to property  
 2 taxation during the year of construction other than that portion actually in  
 3 place as of January 1 of each calendar year; new manufactured housing shall  
 4 not be subject to property taxation during the first year of occupancy if oc-  
 5 cupied after January 1. For the purposes of this section, "new manufactured  
 6 housing" means manufactured housing, whether real or personal, never previ-  
 7 ously occupied.

8 (2) There is hereby levied an occupancy tax upon all newly constructed  
 9 and occupied residential, commercial and industrial structures, including  
 10 new manufactured housing, except additions to existing improvements or man-  
 11 ufactured housing, prorated for the portion of the year for which the struc-  
 12 ture was occupied. The occupancy tax shall be upon those improvements or new  
 13 manufactured housing for that portion of the calendar year in which first  
 14 occupancy occurs. The occupancy tax does not apply to operating property.  
 15 Improvements that were exempt as of January 1 of the tax year, but that may be  
 16 subject to occupancy tax during that tax year, shall not be subject to prop-  
 17 erty tax as otherwise provided in section 63-602Y, Idaho Code. For the pur-  
 18 poses of this section, the term "occupied" means:

19 (a) Use of the property by any person as a residence including occupancy  
 20 of improvements or use in storage of vehicles, boats or household goods,  
 21 provided such use is not solely related to construction or sale of the  
 22 property; or

23 (b) Use of the property for any business or commercial purpose unre-  
 24 lated to the construction and sale of the property; or

25 (c) Any possessory use of the property for which the owner received any  
 26 compensation or consideration.

27 (3) The owner of any newly constructed improvement or new manufactured  
 28 housing, as described in this section, upon which no occupancy tax has been  
 29 charged shall report to the county assessor that the improvement or new man-  
 30 ufactured housing has been occupied. As soon as practical after receiving  
 31 such a report, the county assessor shall appraise and determine the market  
 32 value for assessment purposes.

33 (a) At the time the county assessor determines the market value for  
 34 assessment purposes of any improvement, he shall allow as an offset  
 35 against the market value of the improvement, the market value of any  
 36 portion of that improvement which was existing on January 1 and placed  
 37 upon the property roll.

38 (b) Upon completion of the appraisal, the county assessor shall notify  
 39 the owner of the appraisal, of their right to appeal the value provided  
 40 in the appraisal within twenty-eight (28) days of such notification in  
 41 the manner provided in section 63-501A, Idaho Code, notwithstanding  
 42 date limitations found in that section, and further shall notify the  
 43 owner of their right to apply for the exemption provided in sections  
 44 63-602G and 63-602X, Idaho Code. If the owner applies for and meets the  
 45 requirements for such exemption within thirty (30) days of the notifi-  
 46 cation by the county assessor, the exemption shall be extended to the  
 47 newly constructed and occupied residential structures in compliance  
 48 with section 63-602G, Idaho Code, notwithstanding limitations requir-  
 49 ing occupancy as of April 15 of the tax year.

(c) In the event that the owner fails to report to the county assessor that the property is ready for occupancy, the assessor shall notify the county board of equalization, who may impose as penalty an additional amount equal to five percent (5%) of the tax for each month following the date of first occupancy during which the report is not made, to a maximum of twenty-five percent (25%) of the tax.

(4) Appeals of the market value for assessment purposes shall be resolved in the same manner as all other appeals of valuation by the board of equalization.

(5) The occupancy tax calculated upon the values set by the county assessor, and any penalty imposed by the board of equalization shall be collected in the same manner as all other property taxes.

(6) An occupancy tax lien shall be imposed in the manner provided in section 63-206, Idaho Code.

(7) Occupancy taxes shall be billed, collected and distributed in the same manner as all other property taxes.

SECTION 3. That Section 63-1706, Idaho Code, be, and the same is hereby amended to read as follows:

63-1706. YIELD TAX ON APPLICABLE FOREST PRODUCTS. (1) All forest lands designated by the owner to be subject to the provisions of section 63-1703(b), Idaho Code, shall be appraised, assessed and taxed according to the provisions of this section.

(2) Forest lands held in private ownership and designated by the owner to be subject to the provisions of this section for property taxation shall be valued by the county assessor as real property at rates which reflect only bare forest land value as determined under rules of the state tax commission.

(3) All timber severed from lands subject to the provisions of this section and delivered to a point of utilization as logs or semiprocessed forest products, shall be subject to a forest products yield tax. This yield tax is in lieu of and replacement for, and not in addition to, property taxes on timber.

(4) The yield tax rate shall be three percent (3%) of stumpage value as determined by the state tax commission. In establishing stumpage values, the state tax commission shall:

(a) Divide the state into appropriate stumpage value zones, with each zone designated so as to recognize the uniqueness of timber marketing areas.

(b) By November 1, set stumpage values by zone for each species and/or product, for use in the reporting and payment of yield taxes for timber severed during the following calendar year. Stumpage values shall be based on a five (5) year rolling average value of comparable timber harvested from state timber sales within the stumpage value zone and/or the best available data for the same five (5) year period.

(5) Report and payment of yield taxes become the direct liability and responsibility of the landowner at the time of severance. At the time of severance the yield taxes become a perpetual lien on the real and personal property of the landowner. Yield tax amounts shall be calculated by the county assessor on forms prescribed by the state tax commission. Yield tax amounts shall be supplied by the county assessor to the county tax collector on or be-

fore November 15 for timber that was severed from January 1 through June 30. The county tax collector shall, by the fourth Monday in November, notify the landowner of any such yield tax amount with payments due and payable on or before December 20. If the taxes due for said period are not paid on or before December 20, the payment becomes delinquent and subject to late charges and interest in the amount provided in sections 63-201 and 63-1001 or 63-904, Idaho Code, calculated from the following January 1. Yield tax amounts shall be supplied by the county assessor to the county tax collector on or before May 15 for timber severed from July 1 through December 31 in the year following severance. The county tax collector shall, by the fourth Monday in May, notify the landowner of any such yield tax amount with payments due on or before June 20 in the year following severance. If the yield taxes due for said period are not paid on or before June 20, the payment becomes delinquent and subject to late charges and interest in the amount provided in sections 63-201 and 63-1001 or 63-904, Idaho Code, calculated from the following July 1. Delinquent yield taxes shall remain a lien against the land from which the timber was harvested and against any other real and personal property of the landowner who owned the land at the time of severance. To collect delinquent yield taxes, the treasurer may use either the personal or real property collection procedures provided in title 63, Idaho Code.

(6) All yield tax revenues and any late charges or interest thereon shall be apportioned among the several county funds and taxing districts as provided for the apportionment of property taxes.

(7) The party utilizing logs or semiprocessed forest products as raw materials shall be required to report the quantity, species and source of all such materials to the Idaho department of lands. Such report shall be structured to comply with and act as a simultaneous report of data already required under the provisions of section 38-122, Idaho Code. The report format shall include the identification of the forest landowner at the source, legal description of the source, timber or product owner at time of severance, harvester and volume of forest products severed. The Idaho department of lands shall deliver to the various county assessors without fee, copies of these reports as they are available. In the event the point of utilization lies out of the state or a report is not required under the provisions of section 38-122, Idaho Code, the timber owner at time of severance shall be responsible for the reporting of the above-stated data to the department of lands.

(8) If reports required by this section are found to be intentionally false or when appropriate reports are not made, the assessor shall value the forest crop harvested, based on the best available estimates.

(9) Not reporting timber or forest products delivery or receipt as required by this section shall be deemed a misdemeanor.

(10) Buildings and other improvements, other than roads, located on forest lands shall be appraised, assessed and taxed as provided by applicable law and rules.

SECTION 4. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after its passage and approval, and retroactively to January 1, 2013.